Israelis Seem Split on Inquiry Into Cover-Up

By THOMAS L. FRIEDMAN
Special to The New York Times

JERUSALEM, June 2 — Major differences appear to be developing between Prime Minister Shimon Peres and Foreign Minister Yitzhak Shamir over how to deal with the growing scandal in Israel's domestic intelligence service, Government sources said today.

The differences have potentially serious political implications. Under the national unity Government's coalition agreement, Mr. Peres, the leader of the Labor Party, is expected to switch jobs in October with Mr. Shamir, who leads the Likud bloc. However, according to Israeli press reports, there are increasing indications that any commission of inquiry might find Mr. Shamir to have been part of an extensive intelligence cover-up of the slayings of two captured Palestinian terrorists in April 1984.

Whether Mr. Peres could make political capital out of such conclusions is not clear, however, since the majority of the Israeli public appears to oppose destroying the careers of Israeli officials whose only crimes may have been involvement in putting terrorists to death.

The Israeli radio reported tonight that after Mr. Peres briefed the Defense and Foreign Affairs Committee of Parliament on the intelligence scandal, the legislators "were impressed with both Mr. Peres's desire for a secret commission of inquiry and the likelihood that the differences between Mr. Peres and Mr. Shamir on this matter will develop into a political crisis."

According to political sources, Prime Minister Peres believes there is no way to avoid an investigation of some kind, since the man who until last weekend was Attorney General has turned over to the police a file of evidence concerning the head of the domestic intelligence service, Shin Beth. The file is said to indicate that the official may

have ordered that two captured Palestinian bus hijackers be killed and that the circumstances of their deaths be covered up.

Before the Cabinet replaced the former Attorney General, Yitzhak Zamir, on Sunday, Mr. Peres tried to dissuade him from ordering such an investigation. But now that the legal machinery has begun to move, the sources said, the Prime Minister believes that some kind of inquiry must be conducted.

However, the sources said, Mr. Peres favors allowing the new Attorney General to suggest a framework for a secret inquiry that would involve the least public exposure for Shin Beth and its chief, Avraham Shalom. The Prime Minister also is said to want any inquiry to take into consideration that whatever Shin Beth did was in the context of a military operation in which a busload of hostages was rescued from terrorists.

Nevertheless, Government sources said, Mr. Shamir is still adamantly opposed to any investigation, either by the police or by a special secret commission of inquiry.

Israeli press reports have suggested that Mr. Shamir's reluctance is connected with the possibility that he gave approval to the Shin Beth chief to cover up the slayings of the two Palestinian hijackers, who survived when Israeli troops stormed the bus April 13, 1984, and rescued the passengers. Two other hijackers were killed in the assault.

Mr. Shamir was Prime Minister when the bus was hijacked and when the first commission of inquiry into how the two captured hijackers died was held, later in the spring of 1984.

According to the Israeli Army radio,

a Member of Parliament, Yossi Sarid, asked Mr. Peres at a Defense and Foreign Affairs committee hearing today whether he and Mr. Shamir knew of suspicions that Shin Beth had engaged in a cover-up. The radio said Mr. Peres responded that "he did not know about it, but that he has not asked Mr. Shamir."

The Israeli daily Yediot Aharonot, quoting sources close to Shin Beth, reported that Mr. Shamir personally approved efforts by Mr. Shalom to cover up the truth in testimony before two official commissions of inquiry, in 1984 and 1986.

Mr. Shamir has yet to categorically confirm or deny assertions that he knew of such a cover-up.